

**AMENDED AND RESTATED BYLAWS**

**OF**

**HARBOR VIEW MUTUAL WATER COMPANY,  
a California Nonprofit Mutual Benefit Corporation**

**ARTICLE I**

**NAME AND CORPORATE EXISTENCE**

Section 1. Name. The name of the corporation is HARBOR VIEW MUTUAL WATER COMPANY (the “Corporation”).

Section 2. Corporate Existence. The Corporation was originally incorporated under the California General Corporation Law on March 3, 1969, under the name “Riviera-West Mutual Water Company.” By amendment of its Articles of Incorporation pursuant to applicable law, the Corporation converted to a California nonprofit mutual benefit corporation effective as of August 17, 2013(the “Conversion”).

**ARTICLE II**

**PRINCIPAL OFFICE**

The principal office for the transaction of the business of the Corporation is located at 8475 Harbor View Drive, Kelseyville, Lake County, California 95451. The board of directors of the Corporation (the “Board of Directors” or the “Board”) may change said principal office from one location to another. Any such change of location shall be noted on the Bylaws opposite this Article II, or this Article II may be amended to state the new location.

**ARTICLE III**

**OBJECT AND PURPOSE**

The specific purposes of this Corporation are:

(a) Primarily to develop, distribute, supply, or deliver water for domestic and irrigation uses, or any one of such uses, to its members at cost; and

(b) Generally to acquire, own, lease, or develop water, water rights, water bearing lands, canals, ditches, and reservoirs; to construct, own, manage, and operate wells, pumping plants, rights of way, ditches, flumes, and pipelines for the production and distribution of water for domestic use and irrigation purposes; and to acquire any property rights that may be advantageous for said purposes in connection with the real property within the various units of the subdivision known as “Riviera-West” located in Lake County, California (the “Service Area”).

The Corporation shall be authorized to do whatever may be deemed necessary, conducive, incidental, or advisable to accomplish and promote said objects or purposes.

## **ARTICLE IV**

### **MEMBERS**

#### Section 1. Membership.

(a) Under the terms of the Conversion, as of the effective date of the Conversion, each outstanding share in the Corporation immediately prior to the Conversion was converted to a membership of the Corporation (the "Conversion Memberships"). The holders of the Conversion Memberships may be referred to in these Bylaws as the "Conversion Members."

(b) Only those persons who are or become owners of parcels of property within the Service Area shall be eligible for membership in the Corporation, and this Corporation shall have only one class of members, which shall consist of the Conversion Members (for as long as each such Conversion Member is still eligible for membership) and any additional members who may become eligible from time to time.

(c) One membership shall be issued for each lot within the Service Area owned by the member. No fractional memberships shall be issued.

(d) For purposes of these Bylaws, such lots and parcels shall consist of those described and set forth in final subdivision maps from time to time filed at the Office of the County Recorder of Lake County, California, relating to Service Area lots resulting from the resubdivision or alignment of any such lots or parcels; and each unit of any apartment building community or condominium, or other co-operative type of multiple living facilities that may be constructed within the Service Area. A purchaser of any such lots under construction shall also be deemed to be an owner for purposes of these Bylaws.

Section 2. Use of Water or Water Rights. Any water or water rights acquired by the Corporation shall be available for use only by members of this Corporation, except as otherwise permitted by California Corporations Code Section 14300 and California Public Utilities Code Section 2705. The Corporation shall deliver water to all members for which no delinquency exists under Article XII (Assessments and Charges) of these Bylaws. If a member becomes delinquent in paying assessments, the right to receive water may be denied or forfeited but those rights shall not be sold or transferred without the land.

Section 3. Voting Rights. Members in good standing on the record date as determined under Article XI shall have the right to vote, as set forth in these Bylaws, on the election of directors, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the Corporation. In addition, those members shall have all rights afforded members under the California Nonprofit Mutual Benefit Corporation Law. Each member shall be entitled to one vote per membership.

Section 4. Membership in Names of Two or More Persons. If a membership stands of record in the names of two or more persons, whether husband and wife as community property, joint tenants, or otherwise, or if two or more persons (including proxyholders) have the same fiduciary relationship respecting the same membership, unless the Secretary of the Corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect:

- (a) If only one votes, such act binds all; or
- (b) If more than one vote, the act of the majority so voting binds all.

Section 5. Assessments and Charges. Each member must pay, within the time and on the conditions set forth by the Board, assessments and charges and any other amounts to be fixed from time to time by the Board in accordance with Article XII.

Section 6. Good Standing. Those members who have paid the required assessments and charges in accordance with these Bylaws and any rules and regulations adopted pursuant to these Bylaws shall be members in good standing. Members whose accounts are delinquent shall not be considered in good standing.

## **ARTICLE V**

### **MEMBERS' MEETINGS AND VOTING**

Section 1. Place of Meetings. All meetings of the members shall be held at the principal office of the Corporation in the State of California, or any other reasonable place in the State of California as may be designated by the Board of Directors in the notice of the meeting.

Section 2. Annual Meetings. The annual meeting of members shall be held on such day during the month of July of each year as shall be determined by the Board, or on such other date as the Board of Directors may establish, at a time and place to be specified in the notice of said meeting. At such meeting, the members shall elect a Board of Directors, consider reports of the affairs of the Corporation, and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings.

(a) Special meetings of the members, for any lawful purpose, may be called at any time by the President, or by the majority of the Board of Directors, or by one or more members holding not less than five percent (5%) of the voting power of the Corporation.

(b) A special meeting called by any person entitled to call a meeting of the members shall be called by written request, specifying the general nature of the business proposed to be transacted, and addressed to the attention of and submitted to the President or the Secretary of the Corporation. The officer receiving the request shall cause notice to be given promptly to the members entitled to vote stating that a meeting will be held at a specified time and date fixed by the Board. However, the meeting date shall be at least 35 but no more than 90

days after receipt of the request. If the notice is not given within 20 days after the request is received, the person or persons requesting the meeting may give the notice. Nothing in this paragraph (b) shall be construed as limiting, fixing, or affecting the time at which a meeting of members may be held when the meeting is called by the Board.

(c) No business, other than the business the general nature of which was set forth in the notice of the special meeting, may be transacted at a special meeting.

Section 4. Notice of Meetings. Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given, under Section 6 of this Article, to each member entitled to vote at that meeting. The notice shall specify the place, date, and hour of the meeting, and the means of electronic transmission by and to the Corporation or electronic video screen communication, if any, by which members may participate in the meeting. For the annual meeting, the notice shall state the matters that the Board, at the time notice is given, intends to present for action by the members. For a special meeting, the notice shall state the general nature of the business to be transacted and shall state that no other business may be transacted. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given.

Section 5. Notice of Certain Agenda Items. Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if notice or written waiver of notice states the general nature of the proposal or proposals:

- (a) Removing a director without cause;
- (b) Filling vacancies on the Board;
- (c) Amending the Articles of Incorporation;
- (d) Approving a contract or transaction between the Corporation and one or more directors, or between the Corporation and any entity in which a director has a material financial interest;
- (e) Electing to wind up or dissolve the Corporation; or
- (f) Approving a plan of distribution of assets, other than money, not in accordance with liquidation rights of any class or classes as specified in the Articles of Incorporation or Bylaws, when the Corporation is in the process of winding up.

Section 6. Manner of Giving Notice. Notice of any meeting of members shall be in writing and shall be given at least 10 but no more than 90 days before the meeting date. The notice shall be given either personally, by electronic transmission by the Corporation, or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to each member entitled to vote, at the address of that member as it appears on the books of the Corporation or at the address given by the member to the Corporation for purposes of notice. If no address appears on the Corporation's books and no address has been so given, notice shall be deemed to have been given if either (1) notice is sent to that member by first-class mail or facsimile or other written communication to the

Corporation's principal office or (2) notice is published at least once in a newspaper of general circulation in the county in which the principal office is located.

Section 7. Requirements for Notice Given by Electronic Transmission.

(a) Notice given by electronic transmission by the Corporation shall be valid only if:

(1) Delivered by (i) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the Corporation; (ii) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered on the later of the posting or delivery of the separate notice of it; or (iii) other means of electronic communication;

(2) To a recipient who has provided an unrevoked consent to the use of those means of transmission for communications; and

(3) That creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(b) Notwithstanding the foregoing:

(1) An electronic transmission by this Corporation to a member is not authorized unless, in addition to satisfying the requirements of this Section, the consent to the transmission has been preceded by or includes a clear written statement to the recipient as to (i) any right of the recipient to have the record provided or made available on paper in nonelectronic form, (ii) whether the consent applies only to that transmission, to specified categories of communications, or to all communications from the Corporation, and (iii) the procedures the recipient must use to withdraw consent.

(2) Notice shall not be given by electronic transmission by the Corporation after either of the following: (i) the Corporation is unable to deliver two consecutive notices to the member by that means or (ii) the inability so to deliver the notices to the member becomes known to the Secretary or any other person responsible for the giving of the notice.

Section 8. Affidavit of Mailing. An affidavit of the mailing of any notice of any members' meeting, or of the giving of such notice by other means, may be executed by the Secretary, or any transfer agent of the Corporation, and if so executed, shall be filed and maintained in the Corporation's minute book.

Section 9. Adjournment; Notice. Any members' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the members represented at the meeting, either in person or by proxy. No meeting may be adjourned for more than 45 days. When a members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place to which the meeting is adjourned (or the means of electronic transmission by and to the Corporation or electronic video screen communication, if any, by which members may participate) are announced at the meeting at

which adjournment is taken. If after adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

Section 10. Waiver of Notice or Consent.

(a) The transactions of any meeting of members, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and, if either before or after the meeting, each of the members not present in person or by proxy, signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

(b) A member's attendance at a meeting shall also constitute a waiver of notice of and presence at that meeting unless the member objects at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

Section 11. Action by Unanimous Written Consent. Any action required or permitted to be taken by the members may be taken without a meeting, if all members consent in writing to the action. The written consent or consents shall be filed with the minutes of the meeting. The action by written consent shall have the same force and effect as a unanimous vote of the members.

Section 12. Quorum; Approval by Majority Vote.

(a) Fifteen percent (15%) of the voting power, represented in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of members. If, however, a quorum is present (in person or by proxy), but the actual attendance at any annual meeting, whether in person or by proxy, is less than one-third of the voting power, then the members may vote only on matters as to which notice of their general nature was given under Section 6 of this Article. Subject to the preceding sentence, the members present at a duly called or held meeting at which a quorum is present (in person or by proxy) may continue to transact business until adjournment, even if sufficient members have withdrawn to leave less than a quorum, if any action (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

(b) If a quorum is present (in person or by proxy), the affirmative vote of a majority of the voting power represented at the meeting, entitled to vote, and voting on any matter, shall be deemed the act of the members.

Section 13. Proxies.

(a) Voting by Proxy. Each member entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the

member and filed with the Secretary of the Corporation. A proxy shall be deemed signed if the member's name is placed on the proxy by the member or the member's attorney-in-fact, whether by manual signature, typewriting, facsimile transmission, or otherwise. Proxies shall be effective only for the meeting at which they are filed, or any adjournment thereof, unless by their express terms, and subject to paragraph (d) below, they are given a longer duration.

(b) Solicited Proxies. If the Corporation has 100 or more members, any form of proxy distributed to 10 or more members shall give the member an opportunity to specify a choice between approval and disapproval of each matter or group of related matters and, subject to reasonable specified conditions, shall provide that, when the person solicited specifies a choice in any such matter, the vote shall be cast according to that specification. In an election of directors, any form of proxy that a member marks "withhold," or otherwise marks in a manner indicating that authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director.

(c) Subject Matter of Proxy to Be Stated. Any revocable proxy covering matters for which a vote of the members is required shall not be valid unless the proxy sets forth the general nature of the matter to be voted on. Such matters include amendments to the Articles of Incorporation; amendments to the Articles of Incorporation or Bylaws changing proxy rights; removal of directors without cause; filling vacancies on the Board of Directors; the sale, lease, exchange, conveyance, transfer, or other disposition of all or substantially all corporate assets unless the transaction is in the usual and regular course of the Corporation's activities; the principal terms of a merger or the amendment of a merger agreement; the election to dissolve the Corporation; contracts or transactions between the Corporation and one or more directors or between the Corporation and an entity in which a director has a material financial interest; or a plan of distribution of assets other than money to members when the Corporation is in the process of winding up, when the distribution is not in accordance with liquidation rights of any class or classes.

(d) Expiration and Revocability of Proxies. No proxy shall be valid after the expiration of 11 months from the date of the proxy, unless provided otherwise in the proxy, except that the maximum term of a proxy shall be 3 years after the date of execution. The revocability of a proxy that states on its face that it is irrevocable shall be governed by Corporations Code Section 7613. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect until either:

(1) It is revoked by the member executing it before the vote is cast under that proxy, (i) by a writing delivered to the Corporation stating that the proxy is revoked, (ii) by a subsequent proxy executed by that member and presented to the meeting, or (iii) as to any meeting, by the member's personal attendance and voting at the meeting, or

(2) Written notice of the death or incapacity of the maker of the proxy is received by the Corporation before the vote under the proxy is counted.

Section 14. Action by Written Ballot. Any action, including election of directors, that members may take at any meeting of members may also be taken without a meeting by complying with California Corporations Code Sections 7513 and 7514.

## ARTICLE VI

### BOARD OF DIRECTORS

Section 1. Powers. Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation or Bylaws regarding actions that require approval of the members, all corporate powers shall be exercised by or under authority of, and the business affairs of this Corporation shall be managed and controlled by, the Board of Directors.

Section 2. Number and Qualifications. The authorized number of directors of the Corporation shall be five (5), until changed by amendment of these Bylaws. Only members of the Corporation in good standing shall be elected or appointed to be a director of the Corporation, and no person shall remain a director of the Corporation after he or she ceases to be a member of the Corporation.

Section 3. Election and Tenure of Office. Upon the Conversion, the directors then serving shall continue in office until the expiration of the term for which originally elected and until a successor is elected and qualified. At the annual meeting of the members, directors shall be elected to fill the seats of the directors whose terms are then expiring. The term of office of all directors shall be two (2) years, and shall begin immediately after election. Consistent with the past practice of the Corporation, the directors' terms of office shall be staggered, such that the terms of two (2) directors shall expire in one year, and the terms of three (3) directors shall expire in the following year. Each director, including a director elected to fill a vacancy, shall hold office until expiration of the term for which elected and until a successor is elected and qualified.

Section 4. Vacancies on Board. A vacancy or vacancies on the Board of Directors shall occur in the event of:

- (a) the death, removal, or resignation of any director;
- (b) the declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by a court order or convicted of a felony;
- (c) the vote of the members to remove any director(s);
- (d) an increase in the authorized number of directors; or
- (e) a failure of the members, at any meeting of members at which any director or directors are to be elected, to elect the number of directors required to be elected at that meeting.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office unless the reduction also provides for the removal of one or more specified directors.

Section 5. Resignation of Directors. Any director may resign by giving written notice to the President or the Secretary of the Corporation. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board may elect a successor for the unexpired term to take office as of the date when the resignation becomes effective.

Section 6. Removal of Directors. The entire Board of Directors or any individual director may be removed from office as provided by the California Nonprofit Mutual Benefit Corporation Law.

Section 7. Filling Vacancies on the Board. Vacancies on the Board, including vacancies occurring by reason of the removal of directors, may be filled by approval of the Board or, if the number of directors then in office is less than a quorum, by (a) the unanimous written consent of the directors then in office, (b) the affirmative vote of a majority of the directors then in office at a meeting held according to notice or waivers of notice complying with Corporations Code Section 7211, or (c) a sole remaining director. The members may at any time fill any vacancy not filled by the directors.

## ARTICLE VII

### BOARD MEETINGS AND VOTING

Section 1. Place of Meeting. Meetings of the Board of Directors shall be held at the principal office of the Corporation in the State of California, or any other place as designated for that purpose from time to time by resolution of the Board of Directors or written consent of all of the directors. Any meeting shall be valid, wherever held, if held by the written consent of all directors, given either before or after the meeting and filed with the Secretary of the Corporation.

Section 2. Meetings by Telephone or Electronic Communication. Any meeting of the Board, regular or special, may be held by conference telephone, electronic video screen communication, or electronic transmission, in which case the following shall apply:

(a) Participation in a meeting through use of conference telephone constitutes presence in person at the meeting as long as all directors participating in the meeting are able to hear one another.

(b) Participation in a meeting through use of video screen communication or other communications equipment, other than conference telephone, constitutes presence in person at the meeting if all of the following apply:

(1) Each director participating in the meeting can communicate concurrently with all other directors;

(2) Each director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation; and

(3) The Board has adopted and implemented a means of verifying both of the following:

(i) A person participating in the meeting is a director or other person entitled to participate in the Board meeting.

(ii) All actions or votes by the Board are taken or cast only by the directors and not by persons who are not directors.

Section 3. Annual Meeting of Board; Other Regular Meetings. Immediately after each annual meeting of members, the Board shall hold a general meeting for purposes of organization, election of officers, and transaction of other business. Notice of this meeting is not required. Other general meetings of the Board may be held without notice at such time and place as the Board may fix from time to time.

Section 4. Special Meetings of the Board.

(a) Calling Special Meetings. Special meetings of the Board of Directors for any lawful purpose may be called at any time by the President, or if the President is absent or unable or refuses to act, by any two directors.

(b) Notice of Special Meetings.

(1) Notice of the time and place of special meetings of the Board shall be given to each director by: (i) personal delivery of written notice; (ii) first-class mail, postage prepaid; (iii) telephone, including a voice messaging system or other technology designed to record and communicate messages, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; (iv) facsimile when directed to the facsimile number for that recipient on record with the Corporation; (v) electronic mail when directed to the electronic mail address for that recipient on record with the Corporation; (vi) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof; or (vii) other electronic means. Notice given by facsimile, electronic mail, electronic message board or other electronic means may be given only to recipients who have provided an unrevoked consent to the use of those means of transmission for notices, and may only be used if such means create a record that can be retained, retrieved and reviewed, and later be transferred into a tangible and legible form.

(2) Notices sent by first-class mail shall be deposited in the United States mails at least 4 days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic transmission shall be delivered, telephoned, or sent, respectively, at least 48 hours before the time set for the meeting.

(3) The notice shall state the time of the special meeting and the place, if the place is other than the Corporation's principal office. The notice need not specify the purpose of the meeting.

Section 5. Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn either temporarily or permanently. Every action taken or decision made by a majority of the directors present at a duly held meeting, at which a quorum is present, shall be the act of the Board, subject to the more stringent provisions of the California Nonprofit Mutual Benefit Corporation Law, including, without limitation, those provisions relating to (a) approval of contracts or transactions between the Corporation and one or more directors or between the Corporation and any entity in which a director has a material financial interest, (b) creation of and appointments to committees of the Board, and (c) indemnification of the directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 6. Waiver of Notice. The transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting before or at its commencement about the lack of notice.

Section 7. Adjournment; Notice of Adjourned Meeting. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

Section 8. Board Action Without Meeting. Notwithstanding anything to the contrary contained in these Bylaws, any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Board's proceedings. Such action by written consent shall have the same force and effect as a unanimous vote of the directors.

“Consent in writing” includes consent given through electronic transmissions from and to the Corporation by a means that creates a record that can be retained, retrieved and reviewed, and that may later be transferred into a tangible and legible form. A written consent solicited by the Corporation may be delivered to a director by (1) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that director on record with the Corporation, (2) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, or (3) other means of electronic communication; providing that such director has provided an unrevoked consent to the use of those means of transmission for communication by written consent. A written consent returned by a director to the Corporation

may be delivered by (1) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, which the Corporation has provided from time to time to directors for sending communications to the Corporation, (2) posting on an electronic message board or network which the Corporation has designated for those communications, and which transmission shall be deemed validly delivered upon the posting, or (3) other means of electronic communication; providing that the Corporation has adopted reasonable measures to verify that the sender is the director purporting to send the transmission.

Section 9. Director Voting. Each director shall have one vote on each matter presented to the Board of Directors for action. No director may vote by proxy.

Section 10. Compensation and Reimbursement. The directors may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be determined by Board resolution to be just and reasonable as to the Corporation at the time the resolution is adopted.

## ARTICLE VIII

### OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, a Secretary, and a Treasurer. The Corporation may also have, at the discretion of the Board, such other officers as may be appointed by the Board under Section 3 of this Article. Any number of offices may be held by the same person.

Section 2. Election. The officers of the Corporation, except any appointed under Section 3 below, shall be elected annually by the Board at the annual meeting of the Board following the annual meeting of the members, and shall serve at the pleasure of the Board, subject to the rights, if any, of any officer under an employment contract. No person may be elected, appointed or remain an officer unless he or she is a director of the Corporation.

Section 3. Additional Officers. The Board of Directors may appoint, and may authorize the President or another officer to appoint, any other officers that the business of the Corporation may require (including, without limitation, one or more vice presidents, one or more assistant secretaries, or one or more assistant treasurers), each of whom may have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined from time to time by the Board of Directors.

Section 4. Removal and Resignation of Officers. Without prejudice to any rights under any employment contract, the Board may remove any officer, either with or without cause. An officer who was not chosen by the Board may be removed by any other officer on whom the Board confers the power of removal. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to any rights of the Corporation under any contract to which the officer is a party.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or other cause shall be filled in the manner prescribed in these Bylaws for normal appointments to that office.

Section 6. President. The President shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and affairs of the Corporation. He or she shall preside at all meetings of the members and of the Board of Directors; shall be an ex-officio member of all the standing committees, including the executive committee, if any; shall have the general powers and duties of management usually vested in the office of president of a corporation; and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 7. Secretary. The Secretary shall keep, or cause to be kept: (a) a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and members, describing the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of members present or represented at members' meetings, and the proceedings thereof; (b) at the principal California office, a copy of the Articles of Incorporation and Bylaws, as amended to date; and (c) at the corporation's principal office or at a place determined by resolution of the Board, a record of the Corporation's members, showing each member's name, address, and class of membership. The Secretary shall give, or cause to be given, notice of all meetings of the members and directors required by the Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8. Treasurer. The Treasurer shall be the Chief Financial Officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Treasurer shall send or cause to be given to the members and directors, the financial statements and reports which are required to be given by law, the Bylaws, or the Board. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation at such depository as the Board may designate; shall disburse the Corporation's funds as the Board may order; shall render to the President, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation; and shall have such other powers and perform such other duties as the Board or Bylaws may prescribe.

Section 9. Compensation. The Board shall fix the salaries to be paid to the officers of the Corporation, if any, and said salaries shall be of a sum which is just and reasonable to the Corporation. Salaries paid to persons operating or employed by the Corporation shall be limited to reasonable salaries for the service rendered.

## **ARTICLE IX**

### **CORPORATE RECORDS AND REPORTS; INSPECTION**

Section 1. Records. The Corporation shall maintain adequate and correct books and records of accounts; minutes of the proceedings of its members, the Board, and committees of

the Board; a record of each member's name, address, and class of membership; and records of each member's business with the Corporation as necessary for the Corporation to determine at any time each member's rights and interests in the Corporation's annual savings, including assets acquired with the savings. All of such books and records shall be kept at the Corporation's principal place of business in the State of California, as fixed by the Board of Directors from time to time.

Section 2. Inspection Rights. The directors and members of the Corporation shall have the inspection rights afforded to them by the California Nonprofit Mutual Benefit Corporation Law.

Section 3. Checks, Drafts, Etc. All checks, drafts, or other orders of payment of money, notes, or other evidence of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 4. Contracts, Etc. - How Executed. The Board of Directors, except as otherwise provided in the Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount.

Section 5. Annual Reports. An annual report shall be prepared within 105 days of the end of the Corporation's fiscal year. That report shall contain the following information in appropriate detail:

(a) A balance sheet as of the end of the fiscal year, an income statement, and a statement of cash flows for the fiscal year, accompanied by an independent accountant's report, or, if none, by the certificate of an authorized officer of the Corporation that they were prepared without audit from the books and records of the Corporation;

(b) A statement of the place where the names and addresses of current members are located; and

(c) Any information that is required by Section 6 of this Article.

The Corporation shall notify each member annually of the member's right to receive a financial report under this Section. On written request of any member, the Board shall promptly cause the most recent annual report to be sent to the requesting member.

Section 6. Annual Statement of Certain Transactions and Indemnifications. As part of the annual report to all members, the Corporation shall annually prepare and mail or deliver to its members and furnish to its directors a statement of any transaction or indemnification of the following kinds within 105 days of the end of the Corporation's fiscal year:

(a) Unless approved by the members under Section 7233(a) of the California Corporations Code, any transaction (i) to which the Corporation was a party, (ii) which involved more than fifty thousand dollars (\$50,000.00) or was one of a number of such transactions with the same person involving, in the aggregate, more than fifty thousand dollars (\$50,000.00), and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a material financial interest):

- (1) any director or officer of the Corporation;
- (2) any holder of more than ten percent (10%) of the voting power of the Corporation.

The statement shall include a description of the transaction, the names of the interested persons involved, the relationship to the Corporation, the nature of their interest in the transaction, and, when practicable, the amount of that interest; provided that, in the case of a partnership in which such person is a partner, only the interest in the partnership need be stated.

(b) A brief description of the amounts and circumstances of any loans, guarantees, indemnifications, or advances aggregating more than ten thousand dollars (\$10,000.00) paid during the fiscal year to any officer or director of the Corporation, unless the loan, guarantee, indemnification, or advance has already been approved by the members under Section 5034 of the California Corporations Code or the loan or guarantee is not subject to the provisions of Section 7235(a) of that Code.

## **ARTICLE X**

### **INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS**

#### Section 1. Indemnification.

(a) To the fullest extent permitted by law, this Corporation shall indemnify its directors and officers, and may indemnify employees and other persons described in Corporations Code Section 7237(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in Section 7237(a), and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in Section 7237(a). "Expenses," as used in this Section 1, shall have the same meaning as in Section 7237(a) of the Corporations Code.

(b) On written request to the Board by any person seeking indemnification under Corporations Code Section 7237(b) or 7237(c), the Board shall promptly decide under Corporations Code Section 7237(e) whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or 7237(c) has been met and, if so, the Board shall (in the case of directors and officers), or may (in the case of employees and other persons described in Corporations Code Section 7237(a)), authorize indemnification. If the Board cannot authorize indemnification, because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not

parties to that proceeding, the Board shall promptly call a meeting of members. At that meeting, the members shall determine under Corporations Code Section 7237(e) whether the applicable standard of conduct has been met and, if so, the members present at the meeting in person or by proxy shall (in the case of directors and officers), or may (in the case of employees and other persons described in Corporations Code Section 7237(a)), authorize indemnification.

(c) To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under the above provisions of these Bylaws in defending any proceeding covered by those provisions shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses.

(d) No provision made by this Corporation to indemnify its directors or officers for the defense of any proceeding, whether contained in the Articles of Incorporation, these Bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this Section 1. Nothing contained in this Section 1 shall affect any right to indemnification to which persons other than directors and officers may be entitled by contract or otherwise.

(e) No indemnification or advance shall be made under this Section 1, except as provided in Sections 7237(d) or 7237(e)(3) of the Corporations Code, in any circumstance where it appears:

(1) that it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws, a resolution of the members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) that it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 2. Insurance. This Corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance on behalf any agent of the Corporation against any liability asserted against or incurred by the agent in that capacity or arising the agent's status as such, whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of Section 1.

## **ARTICLE XI**

### **MEMBERSHIPS APPURTENANT TO LAND; MEMBERSHIP CERTIFICATES**

Section 1. Memberships Appurtenant to Land. Memberships in the Corporation shall be appurtenant to the land, and a membership in the Corporation shall be transferable only with the land for which it is issued, except that memberships may be forfeited to the Corporation for delinquent assessments thereon as provided in California Corporations Code Section 14303. A conveyance of the land shall serve to authorize a transfer of membership to the purchaser upon

endorsement on the certificate, payment as provided in Section 3 below, and the surrender of the certificate to the Secretary of the Corporation.

Section 2. Issuance and Form of Membership Certificates. After the Conversion, the Corporation shall issue to each Conversion Member a membership certificate evidencing one membership for each lot owned by such Conversion Member in the Service Area. Membership certificates of the Corporation shall be in such form as the Board of Directors shall designate and shall be issued over the signature of the President and Secretary. The membership certificates shall state that (a) the Corporation is a nonprofit mutual benefit corporation which may not make distributions to its members except upon dissolution; and (b) a copy of the restrictions on transferability are on file with the Secretary of the Corporation and are open for inspection by a member on the same basis as the records of the Corporation. Each membership certificate shall further provide as follows:

“To be transferred on the books of the Corporation by endorsement hereon and surrender of this certificate, upon purchase by a transferee of the land covered by this certificate. The land covered by this certificate is described as follows: [legal description].”

“All assessments and charges for water shall be a lien upon the lands for which the assessments and charges are made. If such assessments and charges become delinquent, such lien may be enforced by any one or more of the following: (a) in the manner provided by law for the foreclosure of real property; (b) by forfeiture of membership interest pursuant to California Corporations Code Section 14303; and (c) by judicial action against the holder of said membership. The Corporation shall be entitled to receive payment for the attorneys’ fees and costs that are incurred to enforce the lien.”

Section 3. Payment on Transfer. All transfers of membership certificates shall be subject to a transfer fee of \$25 and to the payment of all indebtedness to the Corporation of the member whose certificate is transferred.

Section 4. Record Date and Closing of Membership Certificate Book. The Board of Directors may fix a time, in the future, not exceeding thirty (30) days prior to the date of any meeting of the members, or the date of any other action affecting the members, as a record date for the determination of the members entitled to notice of, or entitled to vote at, any meeting, or entitled to exercise any rights in respect of any other lawful action, notwithstanding any transfer of any membership certificate on the books of the Corporation after any record date fixed as aforesaid.

## ARTICLE XII

### ASSESSMENTS AND CHARGES

Section 1. Purpose of Levy. For the purpose of raising funds required for operation of the Corporation, including but not limited to the maintenance and operation of the pipelines and water system, the establishment and maintenance of a repair and replacement fund, and the payment of taxes, utilities, or any other costs, the Board of Directors may, from time to time, impose assessments and charges (including, without limitation, water use charges and/or flat-rate

water service charges). All assessments and charges for water delivered by the Corporation shall be established on a basis which is fair and equitable to all of the members.

Section 2. Billings; Delinquent Accounts. Such assessments and charges may be levied in the form of annual, quarterly, or other periodic billings to members. Assessments and charges when so levied shall be due and payable at the time fixed by the Board and shall be delinquent after the amount of time set by the Board. Delinquent accounts shall be subject to late payment charges and other fees in such amounts as may be set from time to time by the Board.

Section 3. Lien; Remedies.

(a) All charges for water and assessments upon memberships shall be a lien upon the lands for which the assessments or charges are made. If such assessments or charges become delinquent, such lien may be enforced by any one or more of the following: (a) in the manner provided by law for the foreclosure of a mortgage or deed of trust upon real property; (b) by forfeiture of the membership interest as provided in Corporations Code Section 14303; and (c) personally by judicial action against the holder of memberships as to which the delinquencies exist. The Corporation shall be entitled to receive payment for the attorneys' fees and costs that are incurred to enforce the lien.

(b) No person shall be entitled to use water from the Corporation upon any lands on which a lien for any water charge or assessment fixed by the Board of Directors, then due and payable, remains unsatisfied. The Board of Directors may prevent use of the water upon such lands until all such assessments and water charges are fully paid, together with any late payment charges, and members agree, by accepting memberships in this Corporation, not to use such water except after payment of water charges and assessments then due.

Section 4. Notice of Levy. The Board shall give a formal notice of each assessment or water charge in a writing which shall contain: the date and amount of the assessment or water charge; the date upon which the assessment or water charge is payable; the identification of to whom and where the assessment or water charge is payable; the date on which the assessment or water charge shall be delinquent if not paid; and any such other information as determined by the Board.

Section 5. Reasonable Rate Structure; Repair and Replacement Fund; Fire Protection Service. The Board of Directors shall establish a rate structure which will result in the accumulation and maintenance of a fund for the repair, administration, maintenance, and replacement of the water supply, distribution, and fire protection system, as necessary ("Repair and Replacement Fund"). The rate charged shall bear a reasonable relation to the cost of furnishing water and maintaining the system. Unimproved lots within the Service Area must bear a proportionate share of the cost of repair and replacement of the water supply, distribution, and fire protection system as appropriate and as necessary, as well as a proportionate share of the cost of maintaining the Repair and Replacement Fund. In addition, all members shall be charged a pro rata amount of the cost of water supplied to an entity providing fire protection service.

## ARTICLE XIII

### MISCELLANEOUS

Section 1. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for use of water and the management of the business and affairs of the Corporation, including provision for equitable apportionment of water supply in the event of a water shortage.

Section 2. Recordation. A certified copy of the Articles of Incorporation and/or of these Bylaws shall be recorded in the office of the County Recorder of Lake County. Certificates for memberships in the Corporation certified by the Secretary of the Corporation shall also be recorded in the office of the County Recorder of Lake County.

Section 3. Use of Water and Water Works for Emergency and Fire. During any emergency resulting from fire or other disaster involving danger to public health or safety, water may be furnished to the agency fighting such disaster. In a bona fide water emergency, but no longer than the existence of such emergency, the Corporation may deliver water at cost to any person owning or leasing real property located within or adjacent to the Service Area, provided that such water is delivered pursuant to a written contract signed by the Corporation and the person to whom such water is delivered.

Section 4. Necessary or Contemplated Expansion; Further Subdivision. The Corporation may expand its facilities as necessary, and shall provide water service to lots formed by further subdivision of any undeveloped property within the Service Area.

Section 5. Statutes and Regulations. Any reference to a specific statute or regulation incorporates in its reference any successor statute or regulation.

Section 6. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

## ARTICLE XIV

### DISSOLUTION

Upon dissolution of the Corporation, after complying with the provisions of Sections 8713, 8715, and 8716 of the California Corporations Code, the Corporation shall distribute any remaining corporate assets to the members, both current and former, in proportion to their business with the Corporation. Gains from the sale of an appreciated asset upon dissolution shall be distributed to all members, both current and former, who were members during the time the asset was owned by the Corporation. Each such member shall share in the gains in proportion to the amount of business done by the member during that time, insofar as is practicable. It is

intended that all distributions to members shall be made in accordance with the requirements governing organizations described in Section 501(c)(12) of the Internal Revenue Code of 1986, as amended.

## ARTICLE XV

### AMENDMENTS TO BYLAWS

Section 1. By Members. New Bylaws may be adopted or these Bylaws may be repealed or amended by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum).

Section 2. By Directors.

(a) Subject to the members' rights under Section 1 above and paragraph (b) below, the Board of Directors may adopt new Bylaws, or amend or repeal any provisions of these Bylaws, unless doing so would:

- (1) Materially and adversely affect the members' rights as to voting, dissolution, redemption, or transfer;
- (2) Increase or decrease the number of members authorized in total or for any class;
- (3) Effect an exchange, reclassification, or cancellation of all or part of the memberships; or
- (4) Authorize a new class of membership.

(b) Without the approval of the members, the Board may not adopt, amend, or repeal any Bylaw that would:

(1) Fix or change the authorized number of directors, fix or change the minimum or maximum number of directors, or change from a fixed number of directors to a variable number of directors or vice versa;

- (2) Increase or extend the terms of directors;
- (3) Allow any director to hold office by designation or selection rather than by election by the members;
- (4) Increase the quorum for members' meetings;
- (5) Repeal, restrict, create, expand, or otherwise change proxy rights;

or

- (6) Authorize cumulative voting.

**CERTIFICATION OF SECRETARY**

I, the undersigned, do hereby ratify:

1. That I am the duly elected and acting Secretary of HARBOR VIEW MUTUAL WATER COMPANY, a California nonprofit mutual benefit corporation; and

2. That the foregoing Bylaws constitute a true and correct copy of the Bylaws adopted by the Board of Directors at a meeting held on JULY 14, 2013, and adopted by the members at a meeting held on AUGUST 17, 2013.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17TH day of AUGUST, 2013.

  
\_\_\_\_\_  
Barbara Eichten, Secretary